



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No.1816(1951)

October 31, 1988

SUBJECT: Sending Exhibit A with Attachments 1 and 2 of FmHA Instruction 1951-S to Borrowers Who Are More Than 180 Days Delinquent (or Attachments 1, 3 and 4 to Borrowers Who Are 180 Days Delinquent and in Non-monetary Default)

TO: State Directors and District Directors

ATTENTION: Farmer Program Chiefs

PURPOSE/INTENDED OUTCOME:

Section 1951.907(f) of FmHA Instruction 1951-S requires that Farmer Programs borrowers delinquent 180 days will receive Exhibit A with Attachments 1 and 2. This AN will give dates for implementation and identify borrowers that WILL and WILL NOT receive these notices. This AN will also provide a cover letter to be sent with Exhibit A and Attachments 1 and 2 of FmHA Instruction 1951-S to borrowers whose accounts were accelerated between November 1, 1985, and May 7, 1987, and who requested income release and debt restructuring as required by Section 1951.907(a) of FmHA Instruction 1951-S.

COMPARISON WITH PREVIOUS AN:

No previous ANs have been written on this subject.

IMPLEMENTATION RESPONSIBILITIES:

All Farmer Programs borrowers who are listed in the "Borrowers with Loans 180 Days or More Delinquent" section of the latest Report Code 540, "Status Report of Farmer Program Accounts," will be sent Exhibit A and Attachments 1 and 2, or for borrowers with both monetary and non-monetary defaults, Attachments 1, 3 and 4 of Exhibit A of FmHA Instruction 1951-S. THE NOTICES ARE TO BE SENT BEGINNING ON NOVEMBER 15, 1988, WITH ALL NOTICES TO BE SENT BY NOVEMBER 25, 1988.

EXPIRATION DATE: January 31, 1989

FILING INSTRUCTIONS:
Proceeding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

1816(1951)

All borrowers listed in the "Borrowers With Loans That May Require Attention" section of Report Code 540 will be sent the above notice except for the following:

1. Borrower accounts flagged "Bankruptcy Action Pending" (BAP) whose debt has been discharge under Chapter 7 before January 6, 1988, WILL NOT receive these notices, unless the borrower reaffirmed the FmHA debt and the FmHA debt is 180 days delinquent.
2. Borrower accounts flagged "Subject to Approved Adjustment" (SAA) and with an approved debt settlement agreement WILL NOT receive these notices.
3. A borrower with a confirmed Chapter 11, 12 or 13 bankruptcy plan on or before January 6, 1988, WILL NOT receive these notices unless the borrower is 180 days delinquent on FmHA payments as prescribed in the bankruptcy plan.
4. Borrower accounts flagged "Court Action Pending" (CAP) on Report Code 540 or any case referred to the Office of the General Counsel (OGC), WILL NOT receive the notices without specific instructions from OGC as provided by Section 1962.49(d) of FmHA Instruction 1962-A.

PLEASE REMEMBER THAT NON-PROGRAM (NP) BORROWERS DO NOT QUALIFY FOR ANY PRIMARY OR PRESERVATION SERVICING BENEFITS.

The attached Appendix A - Cover Letter will be used to notify those accelerated borrowers who requested income release and debt restructuring in accordance with the January 25, 1988, and February 2, 1988, memorandum that FmHA regulations have been published and they must now complete their debt restructure application. The attached Appendix will be used as a cover letter to the notice FmHA is required to send to the subject borrowers in accordance with Section 1951.907 of FmHA Instruction 1951-S. This cover letter will be sent certified mail with a return receipt requested.

All other Farmer Programs borrowers whose FmHA loan accounts were accelerated between November 1, 1985, and May 7, 1987, but did not respond to the Notice of Right to Income Release and Debt Restructure, will be sent Exhibit A and Attachments 1 and 2 of FmHA Instruction 1951-S, or Attachments 1, 3 and 4 of Exhibit A when the borrower is both 180 days delinquent and in non-monetary default. The attached cover letter, however, WILL NOT be sent to those borrowers.

When a borrower and spouse are both obligated on the note and living together, one notice will be sent addressed to both the borrower and spouse. If a borrower and spouse are living apart separate notices will be sent to each. For entity borrowers separate notices will be sent to the entity and to each

1816(1951)

individual that is obligated on the note. Accounts of borrowers not mentioned in this AN must be handled in accordance with Section 1951.907 of FmHA Instruction 1951-S.

REMEMBER, REQUESTS FOR PRIMARY LOAN SERVICING FOR ACCELERATED BORROWERS WHO APPLIED FOR INCOME RELEASES ARE TO BE GIVEN A PRIORITY WHEN THEIR COMPLETED APPLICATIONS ARE RECEIVED.

These borrowers will be given priority when scheduling their appointments, utilizing the DLR\$ program and making appraisals of real or chattel property after receipt of a complete application. This is in keeping with our earlier statement to the borrower that they would receive priority in processing their requests under the Agricultural Credit Act of 1987.

If you have any questions, please contact Gary West at commercial (202) 382-1976 or FTS 382-1976.

A handwritten signature in dark ink, appearing to read "Vance L. Clark", with a long, sweeping horizontal line extending to the right.

VANCE L. CLARK
Administrator

Attachment: Cover Letter

Sent via electronic mail on 11-2 at 8:10 by ASD(IMPS). A copy of this AN will be duplicated by the District Directors and distributed to the County Offices. State Directors will immediately distribute to Farmer Programs Chiefs and other appropriate personnel.

1816(1951)

Appendix A - Cover Letter
to AN 1816 (1951-S)

Purpose: Used by the County Supervisor to notify a borrower who requested income release and debt restructuring in accordance with unnumbered memorandum dated January 25, 1988, and replaced February 2, 1988.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
(Insert Address)

Response to your request for debt restructuring

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
(Insert Borrower's Name and Address)

Dear

. :

During the early part of this year, Farmers Home Administration notified you that the Agricultural Credit Act of 1987 expanded FmHA's debt restructure authority to permit FmHA to write down the debts of eligible borrowers to an amount as low as the net recovery value of the security. Your requested debt restructuring, as stated in our earlier notice, has been held until the FmHA Regulations were published and available in the FmHA County Office.

This is to advise you that FmHA regulations have been issued and the enclosed Exhibit A with Attachments 1 and 2 provide detailed information of FmHA's Primary and Preservation Loan Servicing Program. PLEASE READ THE INFORMATION CAREFULLY AND NOTE THAT FMHA MUST RECEIVE YOUR APPLICATION FOR PRIMARY AND PRESERVATION LOAN SERVICING WITHIN 45 DAYS OF WHEN YOU RECEIVE THIS LETTER.

A priority will be given to the processing of your request for debt restructuring, once FmHA has a completed application. We recommend you contact the local FmHA County Office immediately after you complete the forms attached to this letter. Please refer to Part VI of the Primary and Preservation Loan Service purpose (Attachment 1 of Exhibit A to Subpart S), which is attached to this letter and lists the required forms. REMEMBER, if you wish to apply for loan servicing, you must return Attachment 2 (of Exhibit A of Subpart S) and the required forms within 45 days of your receipt of this letter.

Sincerely,

County Supervisor

Enclosure